

REC's Commitment in Support of UNGC Programme

Rural Electrification Corporation Limited (REC) occupies a key position as one of the leading public financial institutions in the Power Infrastructure space of the Country. REC plays an integral role in implementing the Gol's plans for the growth of Power Sector with special emphasis on Rural Electrification. REC now finances all segments of power sector throughout the country.

REC reiterates its allegiance to the 10 principles of Global Compact encompassing areas of human and labour rights, environmental protection, rights and subjects related to corruption etc and aims to move ahead the agenda forward. These principles are incorporated in our organizational policies on different areas and we seek the direction from these policies while discharging the issues mentioned above. REC also engages itself in various CSR initiatives and has put it as a measurable performance indicator in Target matrix of the Organisation for the year 2011-12.

The Company is committed to United Nations Global Compact Programme and intends to take ahead the GC principles within the Company as a part of strategy and day to day operations.

Communication on Progress

#1 Businesses should support and respect the protection of internationally proclaimed human rights.

Commitment /Policies

REC as an organization is committed to safeguarding the basic human rights provided by The Constitution of India under tenets of a Welfare State.

Action Taken

REC endows on all its employees the right to freedom of opinion, expression, peaceful assembly and association. Every employee in the Organization has the right to life, liberty, security and legal recourse. A representative of Top Management has been entrusted with the task of taking care of Grievance Cell. We as an organization have endeavored to define a well laid policy against Gender discrimination which is looked after by a separate Women cell. The cell is responsible for hearing grievances and speedy redressal / solution of the issue.

Outcomes

The quick redressal of the issues has led to further strengthen the belief of ownership among employees.

Plans for upcoming Year

REC endeavours to take necessary and appropriate measures in future in its commitment to the cause of its employees.

#2 Businesses should ensure that they are not complicit in Human Rights abuse.

Commitment/Policies

REC commits itself to promote and protect human dignity and maintain/uphold the human rights of all employees such that these rights are not infringed upon arbitrarily.

Action Taken

The Grievance Cell acts as an Ombudsman which settles issues raised by the employees related to human rights abuse (if any)

Outcomes

It has boosted the Employees' faith in the efforts made by the Organisation for their betterment. It has also helped in attracting new and retaining existing employees.

Plans for Upcoming Year

REC would in future also strive to adopt noble measures and incorporate new ideas which go on to further strengthen the cause of Work with Dignity.

#3 Businesses should uphold the freedom of association and the effective recognition on the right to Collective Bargaining

Commitment/Policies

REC as an Organization attaches considerable importance to the rights of Employees/ Labour. It believes with conviction to recognize the employees' right to Collective Bargaining.

Action Taken

REC has encouraged the peaceful existence of Unions both at Officers and Staff levels and recognizes the employees' right to Collective Bargaining. The Unions exist in the Organisation and decisions related with the employees' Service Terms/ Working conditions and Environment/Welfare and the like are not made /enforced without their active involvement. The compensation and service conditions of non-executive employees are decided mutually through collective bargaining.

Outcome

The Unions and Management is able to settle majority of the issues related to demand of the Officers/Employees in an amicable manner. The Union is conscious of spirit of co-existence in harmony without jeopardizing the interest of employees and Organization. The Industrial Relations continues to be healthy, cordial and harmonious. During the year 2010-11, a Bi-partite Wage Settlement was arrived at & implemented which comprehensively redefines the structure of salary, grade & pay scales and other elements of compensation including provision of a comprehensive structure of social security which includes provisions of economic rehabilitation policy, pension, provision of the insurance cover for long term employees' liabilities etc. Hailed as a historic event in the organization, this has brought REC fully in sync with other Navratna PSUs in Power Sector and ensured high employee motivation. A committed REC employee fraternity ensured best ever collective performance excelling all past records during the year.

Plans for upcoming Year

REC with due adherence to prevailing norms shall continue to encourage the cause

of improving well being of its employees through the existence of Unions in future also.

#4 Businesses should make efforts in elimination of all forms of Forced & compulsory Labour

Commitment/Policies

REC as an Organization believes in and committed to the cause that no form of forced and compulsory labour is deployed to discharge any of its works.

Action Taken

To alleviate any possibility of direct /indirect marginalization of labour either by force or compulsion, the Organization follows the established norms and follows the terms and conditions defined in Govt's Minimum Wage Act from time to time.

Outcomes

REC has never been implicated for any violation of the norms.

Plans for the upcoming Year

REC repeats its commitment to maintain the status in future also.

#5 Businesses should take measures for effective abolition of Child Labour

Commitment/Policies

REC as an enlightened and socially conscious Employer is committed not to engage Child Labour and supports effective abolition of the same.

Action Taken

The Organisation has a policy that nobody taken on the rolls of REC permanently/temporarily/contractually shall be under the category of "Child" as per the definition of Law of the Land

Outcomes

REC is seen by the Stakeholders viz. Suppliers/Employees/Customers/Society as an Organisation adhering to Egalitarian norms of the Society

Plans for the upcoming Year

REC repeats its commitment to maintain the status in future also.

#6 Businesses should take measures in elimination of discrimination in respect of Employment and Occupation

Commitment/Policies

The Organization is committed to the cause of women employees, members of marginalized sections, differently abled persons such that no discrimination in respect of employment and occupation whatsoever is made

Action Taken

The Organization has taken due care that all recruitments are made giving due consideration to members of marginalized sections, differently abled persons and women except for the positions which demand competencies other than what suitable for the aforesaid categories. REC also takes support of NGOs in getting Contract employees for House keeping etc.

Outcomes

The efforts are visible in the way that the family of the Organization represents all hues of the Society with equal opportunity to one and all.

Plans for the upcoming Year

REC with due adherence to prevailing norms shall continue to encourage the cause of discouraging such discrimination.

#7 Businesses should support a precautionary approach to Environmental challenges.

Commitment/Policies

REC believes with conviction that efforts are required to rein in the unstinted damage to environment and brace itself for future environmental challenges.

Action Taken

Apart from the ongoing efforts, REC has sensitized its Stakeholders and Employees about its concern towards Environmental challenges by increasing weightage of Environment related parameters in the Annual MoU Targets signed with Govt. of India.

Outcome

The efforts have helped the Utilities decrease the T&D Losses and thus able to save energy, reduce heat and carbon emissions in the atmosphere. The outcomes of new parameters may manifest in coming months.

Plans for the upcoming Year

REC would make every effort to enlarge the scope of these activities as a part of its contribution to cause of environment.

#8 Businesses should undertake initiatives to promote greater environmental responsibility

Commitment/Policies

REC as an environmentally responsible Organization believes in and gives active support through various policy interventions/ Studies to the initiatives related with environment protection

Action Taken

Additional to the earlier efforts, REC has proposed to commission an Impact Study of Implementation of Feeder Separation Scheme in one of the States in financial year 2011-12.

Outcomes

As a premier funding agency for Power Sector, the projects commissioned by REC's assistance have been compliant with the norms prescribed by the Govt.

Plans for the upcoming Year

In its adherence to Environmental concern, REC would comply with the norms established by Govt. of India from time to time.

#9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Commitment/Policies

REC is committed to promote technologies which are helpful in reducing burden on natural resources.

Action Taken

Apart from the ongoing initiatives, a performance parameter viz, 'Sanction of Renewable Energy Projects' has been adopted under Sustainable Development in the MoU. As an effort towards encouraging environmentally friendly technologies, the Organisation has taken up financing Solar Projects in a big way.

Outcomes

The efforts made in financial year 2010-11 have resulted in Sanction of Loans for Renewable Energy and Solar Energy projects worth 88 million USD.

Plans for the upcoming Year

REC would make all efforts to take further, Govt. of India's Nationwide Solar Mission and also develop Renewable Energy Projects in its bid to encourage environmentally friendly technologies.

#10 Businesses should work against all forms of corruption, including extortion and bribery

Commitment/Policies

REC is committed to adherence to Fair practices in conduct of its Business and root out corruption including extortion and bribery.

Action Taken

1. REC has observed continuous compliance of the **"Revised Code for Prevention of Insider Trading in REC Equity Shares / Securities"**. Pursuant to the revised Code, all Directors, officers and Designated Employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All Directors, Officers and Designated Employees shall also not take positions in derivative transactions in shares of the Company at any time. In the case of subscription in the Primary Market (Initial Public Offers), the above mentioned entities shall also hold their investments for a minimum period of 30 days. Their holding period would commence when the Securities are actually allotted. The non-compliance of the Code shall attract severe Penalty / disciplinary action against the Employee/Director/Officer.

2. REC has adopted revised **"Code of Business Conduct & Ethics for Board Members and Senior Management"** on 8th September, 2010, with the objective of enhancing ethical and transparent process in managing the affairs of the Company with highest standards of personal and professional integrity, honesty and ethical conduct.

This Code has been framed specially in compliance of the provisions of Clause 49 of the Listing Agreement with Stock Exchanges and as per the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Department of Public Enterprises (DPE).

The Board Members and Senior Management are required to take pledge of the following practices in conducting their official business:

To strive continuously to bring about integrity and transparency in all spheres of the activities.

Work unstintingly for eradication of corruption in all spheres of life.

Remain vigilant and work towards growth and reputation of the Company.

Bring pride to the organization and provide value-based services to Company's Stakeholders.

Do duty conscientiously and without fear or favour.

Outcomes

The non compliance cases have been negligible.

Plans for the upcoming Year

REC plans to bring more transparency in the prevailing policies as and when required.